

KENTUCKY COUNCIL ON  
POSTSECONDARY EDUCATION



## Strengthening Our Capacity to Serve: A Summit on Productivity, Efficiency, and Cost Containment

White Papers & Discussion Notes  
for Breakout Session on

### Human Resource Management

September 13, 2010  
Marriott Cincinnati Airport Hotel  
Hebron, Kentucky



**Strengthening Our Capacity to Serve:  
A Summit on Productivity, Efficiency, and Cost Containment  
Institutional Planning Group**

*The following individuals were appointed by the institutional, KCTCS, and AIKCU presidents to assist the Council in planning the summit.*

Dr. Gary Cox  
President, Association of Kentucky Independent Colleges and Universities

Mr. Bob Johnston  
Vice President for Business Services, Association of Kentucky Independent Colleges and Universities

Dr. Janna Vice  
Provost for Academic Affairs, Eastern Kentucky University

Ms. Debbie Newsom  
Vice President for Financial Affairs, Eastern Kentucky University

Dr. James Chapman  
Interim Provost/Vice President for Academic Affairs, Kentucky State University

Ms. Alice Johnson  
Vice President for Finance and Business Affairs, Kentucky State University

Mr. Hinfred McDuffie  
Vice President for Administration, Kentucky State University

Mr. Ken Walker  
Vice President for Finance, Kentucky Community and Technical College System

Ms. LaDonna Purcell  
Director Support Services, Morehead State University

Ms. Teresa Lindgren  
Director of Budgets, Morehead State University

Mr. Carl Prestfeldt  
Director of Fiscal Planning and Analysis, Murray State University

Dr. Sue Hodges Moore  
Vice President for Planning, Policy, and Budget, Northern Kentucky University

Mr. Bill Swinford  
Director of Policy Analysis, University of Kentucky

Mr. Michael Curtin  
Vice President for Finance, University of Louisville

Mr. Jim Cummings  
Chief Financial Officer, Western Kentucky University



## Kentucky Council on Postsecondary Education

**Steven L. Beshear**  
Governor

1024 Capital Center Drive, Suite 320  
Frankfort, Kentucky 40601  
Phone: 502-573-1555  
Fax: 502-573-1535  
<http://www.cpe.ky.gov>

**Robert L. King**  
President

September 13, 2010

Dear Institutional and Professional Organization Members:

A special thank you is extended to the individuals and groups that spent time over the last several months drafting the white papers and discussion notes for the September 13 Summit on Productivity, Efficiency, and Cost Containment.

As we have all experienced firsthand over the last several years, the austere budget environment demands extra effort and our best ideas in order to produce high-quality graduates, community engagement, and research, all at a lower cost, that will lead to significant improvements in the quality of life and standard of living of all Kentuckians.

The summit is intended to serve both as reminder of the good work we have already done and encourage action on new ideas and innovations moving forward. The summit is not an end, but rather another step in the journey to produce the best educated workforce and citizenry in the nation.

Thank you again for your hard work and continued dedication. We look forward to a series of great conversations.

Sincerely,

A handwritten signature in blue ink that reads "Robert L. King".

Robert L. King  
President  
Council on Postsecondary Education

A handwritten signature in blue ink that reads "Doug Whitlock".

Doug Whitlock  
President  
Eastern Kentucky University



**Strengthening Our Capacity to Serve:  
A Summit on Productivity, Efficiency, and Cost Containment**

**Table of Contents**

---

<b>Human Resource Management</b>	<b>Page Number</b>
Ideas submitted by the following groups:	
▪ College and University Professional Association for Human Resources – Kentucky Chapter	1
▪ College and University Professional Association for Human Resources	7

---



# Kentucky CUPA-HR Chapter

## Introduction

This document provides several bullet points regarding best current cost containment practices and ideas to improve productivity and efficiency of Human Resource Management within Kentucky State Universities. It has been prepared by the Kentucky CUPA-HR chapter whose members include Human Resource professionals at the eight state universities and KCTCS.

## Established Practices and Processes:

### Electronic/Online

- At UK, WKU, KCTCS and EKU most or all of official campus-wide Human Resources communication is transmitted by e-mail.
- Electronic paystubs are available at multiple universities. At WKU, KCTCS and EKU paystubs are only available electronically; at UK about 40% opt for e-paystubs.
- All full-time employee paychecks are electronic direct deposit at WKU and EKU. At NKU, 96% of employee paychecks are deposited electronically. KCTCS a pay is direct deposit.
- Annual staff performance appraisals are completed and submitted only in electronic format. (WKU)
- KCTCS is currently undergoing a Human Resources transformation in which our HR function will be moved to the employee self services model, which is the leading cost effective HR delivery model.
- Transforming the KCTCS tuition waiver process to an electronic method which is expected to reduce administrative costs substantially as well as provide quicker, more efficient service to employees and students.
- KCTCS is transforming the Performance Evaluation process to an electronic format by piloting an electronic form at 4 locations with technological support to roll out the new process system-wide in the spring of 2011.
- At KCTCS most or all official system-wide Human Resources communication is transmitted by e-mail. In addition, the KCTCS intranet, thePoint, allows for on line document and resource sharing that result in greater levels of efficiencies. There is a HR peer team site that is accessible to all HR staff across the state.
- KCTCS has employee self-service in place for viewing pay information and leave balances.
- At WKU, all vacation and sick leave reporting requests are currently submitted and approved in Electronic format; and EKU is being implemented. UK will have this capability in place by June 2011.
- All personnel transactions (hiring, pay changes, status changes, terminations, etc.) are submitted and approved via an electronic workflow process. (WKU)
- Utilize a proprietary system called Retirement Manager which allows on-line enrollment in the University's 403(b) mandatory and voluntary retirement plans. (WKU & EKU)
- At both UK and WKU Employment applications for "staff" employees are completed and submitted only in electronic format. At EKU both Faculty; Staff and Students are done electronically. Some faculty hires utilize online applicant system. (UK) At KCTCS employment applications for staff and faculty (including online instructors) are completed and submitted online.
- Launched online employee self-service for the following: viewing pay stubs, address and phone number changes for home or work, banking changes, changes in optional retirement savings. (NKU and EKU)
- All pre-employment background checks are requested and delivered via online solution. (KCTCS, UK, EKU, WKU, MoSU, Murray)
- Converted part-time faculty contract renewal and supplemental pay to online process. (NKU)

## Staffing

- New WC Light Duty Coordinator hired to establish campus-wide “light duty job duties” made available to employees returning to work after WC injury. Goal is to reduce employee time off work which improves departmental operations and reduces dollars spent on temporary staffing. Additional goal is to reduce the number of employees separating after lengthy time off work. Since March 2010, UK has saved \$102,383 in WC income benefits by providing temporary light duty work to injured employees whose home departments are unable to accommodate temporary restrictions. An additional \$169,490 in WC income benefits has been saved through temporary placement in light duty positions within the employee’s home department. (UK)
- Regular (at least on an annual basis) market and industry salary surveys completed to determine accuracy of pay rates for employees. (UK, EKU, KCTCS)
- KCTCS recently conducted compensation study to determine the competitiveness of its value proposition.
- EKU is in the process (completed in December 2010) of completing online market salary data with Salary.Com. Interactive data base includes CUPA, Comp Data, HEITS and Salary.com data.
- Staff Shared Leave Pool: donation of vacation days by staff provides up to 45 paid days to staff employees suffering from catastrophic, unplanned illness/injury. Instituted FY 2007-2008. Reduces number of employees that may separate for health reasons if able to return to work at a later date. (UK). KCTCS has a Sick Leave Sharing Program that allows employees who accrue leave time to request and/or donate time to their eligible colleagues in order to assist employees who face hardship due to illness related absences.
- EKU offers a Sick Leave Bank where employees can donate sick leave days for use by employees as short-term disability protection in the event they are personally subject to an illness, injury or sudden unexpected medical condition and face a hardship because they do not have adequate accumulated sick leave. Since 1999, KCTCS has a voluntary Staff Sick Leave Pool that requires a donation of 2 sick days per year. Employees may access up to 20 days per incident with a maximum of 3 requests per year to assist with hardships due to illness related absences.
- Employment unit operates internal self-sustaining temporary placement agency (STEPS) which operates at 14.5% administrative rate. Administrative rates for external placement agencies range from 20-40%. (UK)
- Employment STEPS internal temporary placement agency to install online on-boarding/pre-hire system to improve efficiency of operations and eliminate cost of new hire orientation. (UK)
- Succession management plans initiated at UK HealthCare (UKHC) for executive leadership, (including physicians), to improve planning and efficiency of operations in the future. (UK)
- UKHC Enterprise New Employee Orientation (NEO) program replaces 3 separate NEOs conducted by the 2 hospitals and Ambulatory Services. This reduces the need for staff to attend another NEO when transferring positions across UKHC facilities, increasing staff efficiency. (UK)
- Employment Hiring Enhancement Program educates and trains supervisors/managers in most effective and “best practices” in hiring and selecting A-level employees. (UK)
- Terminated practice of applying overtime calculations to vacation and holiday hours (2008). Estimated savings to UK of \$436,000 annually. (UK) No other Universities have ever had this practice.
- Execute pre-employment screening to reduce incidence of making “bad hires”: (UK, KCTCS)
- KCTCS instituted “Lean” principals to redesign its employment processes and improve operating efficiencies, thereby reducing the hiring cycle by up to 60 days.
  - Pre-employment national background checks, as result of KY HB3 (July 2006). “Fail rate” of 0.9% for final candidates. KCTCS performs pre-employment national background checks as a result of KY HB3 for final job candidates.
  - Pre-employment drug screening for all UKHC new hires since 2005. “Fail rate” of 1.3% for final candidates.

- Implemented use of electronic chain of custody forms, allowing for a faster and friendlier experience for the applicant. Estimated savings to UK of \$4,500 annually. (June 2010)
- Utilize “Fitness for Duty” policy within UKHC to minimize potential liability for impaired workers. (UK). KCTCS has utilized “Fitness for Duty” policy and form system-wide since 2008.

## Benefits

- UK, NKU, WKU and EKU all utilize online annual benefits enrollment. More than 90% of UK’s employees opt to use the online vs. paper form submission. With the introduction of online benefits enrollment at UK, annual Open Enrollment communications have been streamlined, reducing annual printing and mailing costs by one-third in 2009-10 and 2010-11 (versus 2008-09 costs). NKU will soon be launching online benefits enrollment as exclusive means of enrollment.
- At UK and WKU, all employee benefit enrollment data are transmitted electronically to vendors in place of transmitting paper enrollment or web-based manual enrollment. EKU is in the process of completing full enrollment data integration. KCTCS is currently exploring online benefits enrollment for new hires and open enrollments as part of the implementation of a share services model.
- Annual benefits (healthcare and insurance) enrollment is active and mandatory encouraging annual reevaluation of healthcare and insurance needs. (NKU)
- Through improved benefit communications significant reduction in employee enrollment in highest cost medical option resulting in reduced healthcare expense. (NKU)
- UK operates as self-insured in its health plans, long term disability (LTD) and workers’ compensation (WC) to maximize efficiencies with 2.14% administrative rate for health plan operations. LTD claim approval rate well below national average. Workers’ Compensation TPA allows access to physicians who charge a negotiated rate which is less than WC Fee Schedule. (UK)
- UK aggressively manages its prescription drug expenditures through a variety of mechanisms: (a) utilization of a Workers’ Compensation Pharmacy Benefit Manager, (b) percentage coinsurance vs. flat copays, (c) Clinical Programs (step therapy, prior authorization, quantity limits), and (d) Copay counseling. (UK)
- Presently conducting health plan audit of dependents to remove participation of unallowable plan members. (UK)
- Unemployment insurance rate of payment vs. claims filed is equal to 13-16% annually. Savings of approximately \$3-4 million per year to UK and state. (UK)
- UK’s Health & Wellness Program in existence since 1990. 31.4% (6,907 employees) employee participation rate is new Health Risk Appraisal. Goal of 50% participation by June 2011.
  - Royalties collected from behavior-based health improvement coaching program total \$113,000 to date.
  - Healthtrac Rewards: Short term impact on Health Claims - 2005: review found high-cost individuals tended to self-select into the program. Participants pursued more preventive care, which was correlated with reduced future procedures and potential cost.
  - Return on Investment assessment ongoing. Preliminary savings indicate \$1.25 saved for every \$1.00 spent. Final report to be completed Fall 2010.
  - Medical Self-care Program: purpose is to educate employees on improved employee self-care for appropriate illnesses/injuries and avoid unnecessary emergency room visits. Also improves effectiveness of physician and other health-care provider visits. Potential cost savings of approximately \$600-\$800 per each prevented ED visit.
- EKU’s wellness program, Healthy You! at EKU is entering program year 6. Currently 42% of the eligible population is participating in the program and 38.5% have taken the Health Risk Assessment.
- UK’s Work-Life Office offers several programs and operations to improve employee engagement and productivity:

- On-site child care – UK partners with cclc to provide on-site child care for 150 children at Woodland Early Learning Center. 95% of UK employees with children attending center report increased work productivity and engagement.
  - Elder Care Program –Elder care specialists provide customized information, referral and support to employees who have local and long-distance care giving needs. Employees report reduced absenteeism, less stress, and increased productivity when using this service. UK Eldercare Specialists provide services to other college and university employees, such as EKU.
  - Reduced Summer and Winter Hours Program – Employees have the option of reducing their work hours or taking an unpaid leave of absence during between New Year's Day and February 29 or mid-May through mid-August. Estimated savings to the university since 2008 implementation: \$150,000.00.
  - Flexible Work Arrangements Guideline – Approximately half of UK supervisors currently encourage their employees to flex their work schedules as a way to help manage employee work-life balance, increase productivity and engagement.
  - Phased retirement option now available for staff -- Faculty and staff have the option of reducing their workloads in half prior to full retirement, retaining employee engagement and productivity while creating opportunities for departmental success planning.
  - Ride-share programs—AlternetRides, Connect Hertz, and a commuter van pool program have been recently implemented to encourage alternative modes of transportation to campus, saving employees money while promoting sustainability.
- EKU Rides, a ride share program was implemented to help students, staff and faculty reduce travel costs while preserving the environment.
- EKU implemented E-Kustom flexible work schedule in the fall of 2008 after a successful summer pilot program.
- KCTCS offers a flexible work schedule policy that is implemented on an approval basis.
- KCTCS offers compressed work week scheduling to employees on an approval basis.
- Instituted a “Five-year Cliff Vesting” practice for 403b retirement plan (January 2010). Estimated savings to UK of nearly \$4.8 million in the first five years. (UK) KCTCS instituted “Five- Year Cliff Vesting” practice for 403(b) retirement plan (July 2009). Estimated savings to KCTCS of \$3.1 million over 10 years. (KCTCS)
- Reduced staff vacation leave carryover for campus staff from 15 months to 12 months to reduce financial liability. Estimated savings of \$2 million annually. (UKHC side of campus still allows 15 month timeframe due to workload limiting ability to permit vacation leaves.) (UK). KCTCS has caps on accumulated vacation and vacation payouts to allow maximum savings to the organization.
- Recognized approximately \$2 million in savings over a five year period by self-insuring the University’s workers’ compensation plan. (WKU)
- In developing Requests for Proposals related to employee benefits, language is included which allows any other public university to contract with a selected vendor, if desired. (WKU)
- Implemented electronic file feeds to medical and dental vendor eliminating manual data entry with time savings and improved data accuracy. (NKU)
- KCTCS completed RFP’s for Flexible Spending Account and Health reimbursement Account, Life and AD&D insurance and Long Term Disability and Employee Assistance Program. Realized \$200,000 annual savings while increasing benefits and employee satisfaction.

## **Other HR areas**

- Employee suggestion program (Make the Difference) provides employees opportunity to suggest improvements in UK operations in the areas of (a) cost savings, (b) improved safety, (c) improved efficiency and (d) generated revenue. Employees can earn \$25-\$2,500 per suggestion if implemented. (UK)

- KCTCS implemented an employee mediation program, Voluntary Solutions, to minimize conflict and cut costs of escalating disciplinary actions, investigations, and appeal processes. This process is aiding in an organizational culture shift to employee empowerment in resolving conflicts at the lowest possible level and increasing tolerance of differences and communication at all levels.
- At both EKU and UK, employee satisfaction surveys are completed regularly to determine possible improvements in culture, benefits and programs that will improve employee satisfaction and engagement, thereby reducing turnover and costs to replace employees.
- Training & Development now managing UKHC Enterprise training efforts in order to reduce duplication of efforts across the enterprise. (UK)
- KCTCS is exploring a succession planning tool to enhance placement services and provide cost saving measures related to employee job satisfaction as well as retention.
- EKU implemented a Staff Professional Development Fund to encourage professional enrichment and to alleviate budget restraints on department.
- Adopted SAP Learning Management System (LMS) and eliminated \$45,000 per year expense of standalone LMS for Healthcare Enterprise. (UK)
- EKU, UK and KCTCS make online training available for mandatory employee requirements: safety classes and discrimination and harassment training.

## **Future Practices and Processes**

- Both WKU and UK will install and implement a document imaging system for management and Retention of all official personnel records during 2011. KCTCS is currently piloting and exploring an imaging solution to reduce file storage and mailing costs.
- WKU is currently implementing a new employment/applicant tracking system which will be applicable to all staff and faculty hiring (full-time, part-time, temporary, seasonal, etc.). Employment applications and resumes will be managed and retained in a totally electronic format. All communication with hiring units and with applicants will be conducted electronically.
- Annual staff performance appraisals will be completed and submitted only in electronic format by January 2011. (UK) Annual staff performance appraisals will be completed and submitted only in electronic format by March 2011. (KCTCS)
- All position descriptions will be available online by January 2012. All new position requests and requests for reclassifications will be accepted through the online Position Description workflow only, with a target date of January 2011 for UKHC, and a target date of January 2012 for campus. (UK)
- Effective January 2011, external employers and financial institutions will be charged for the completion of employees' verifications of employment, with management of requests online through the HR Records webpage. (UK)
- Completing Request for Proposals for Flexible Spending Account management and Health Plan Consulting for July 2011 to improve contracts (cost and effectiveness). (UK)
- Explore the development of a Pharmacy Coalition to include other regional higher education and/or public sector institutions as members for improved financial outcomes and services within the prescription benefit plans for the combined populations. (UK)
- Expanding online availability of required supervisory training allows off-site supervisors to complete the training without travel expense. (UK)
- Rebid dental, vision, flexible spending account, life, short term and long term disability and employee assistance programs, selecting new vendors for all. Change will result in reduced number of vendor contracts, improved benefit coverage, streamlined administration and cost savings. Estimated annual savings for NKU: \$110,000 to \$179,000 and for NKU employees: \$45,000. (NKU)
- Anticipated implementation date of October 2010, for online exiting process, which will address employee retention. (EKU)

- EKU is exploring the advantages of having an on-site, third part administered Health clinic. Advantages are; office visits cost savings, immediate assistance for WC injuries, reduce transportation time for employees to and from Dr. Office.
- We (All state Universities) have set up a joint committee to explore joining a Pharmacy Purchasing COOP. We should have specific information by early 2011.
- KCTCS plans outsourcing of retiree billing in 2011 to create efficiencies in process and re-allocation of staffing to higher level of service.
- Transformation of the Human Resources function began in 2009. An assessment of the effectiveness of Human Resources with regard to key deliverables and to evaluate the organization's interface between the System Office and college HR operations was conducted. After extensive research, recommendations were developed to make the HR function a strategic partner in KCTCS. Planning has been completed and commitments have been made for purchase of the human resource specific enterprise system modules and functionality. Full implementation, including electronic solutions and an implementation of a service/operational center is expected to be completed within 3-5 years. The centerpiece of the initiative is the implementation of four-tiered shared services model, which includes employee and manager self-service. During the next three years, new enterprise technology is being acquired to support the change. (KCTCS)



**College and University Professional  
Association for Human Resources**

# You Can Get There From Here: The Road to Downsizing in Higher Education

**Second Edition**

**Chapter 15: The Employer/Employee Contract: Under  
(Re)Construction**

Chapter 15 Revised and updated by Courtney S. Hunt with Barbara Butterfield

Produced with the assistance of



© 2008 College and University Professional Association for Human Resources  
First edition published in 1994

# Chapter 15

## ***The Employer/Employee Contract: Under (Re)Construction***

During periods of reorganization, the rules underlying human resources policies and practices change, resulting in a new psychological contract between the academic institution and its faculty and staff. As financial and other resources become scarcer, the institution can no longer offer employees the same rewards and benefits in exchange for their service, and the institution's expectations of what employees must provide in the way of service also change. In response to changed terms and conditions from their employer, employees also reconsider what they are willing and able to do, as well as what they expect in return.

During significant economic downturns, institutions are hit with a financial one-two punch that makes revising the employer/employee contract complicated. After an initial period of decline, when endowments are severely reduced and alumni contributions and grants decrease sharply, colleges and universities make the necessary adjustments to stabilize their budgets for the near term. As the next fiscal year begins, however, they may realize the downturn was deeper than hoped for, with a longer and slower recovery than desired. They may have to start considering longer-term changes as well as additional short-term modifications to adapt to new financial realities.

Although economic downturns produce significant challenges for academic institutions, they also give leaders a chance to help their institutions emerge as stronger entities that are better able to tackle challenges and take advantage of opportunities. The key to navigating such treacherous stretches of road is to focus on being as smart as possible and viewing the time, effort and energy spent today as an investment in the growth and success of both the institution and its employees.

Fiscal challenges are not the only factors contributing to the need for a revised employer/employee contract in higher education in the early 21<sup>st</sup> century. Additional compounding factors that institutional leaders have to deal with include:

- **Macroeconomic shifts and trends.** Although the U.S. economy is constantly evolving, it is now undergoing rapid change that is more revolutionary than evolutionary. Several of the most significant trends that have both a direct and an indirect impact on higher education include the green movement/environmentalism, increasing healthcare costs and reform initiatives, energy management and ongoing advances in information technology, digital communication and social media. Globalization continues apace, with developing countries advancing more quickly than established economies, presenting challenges and opportunities on a regular basis.
- **Changes in the regulatory landscape.** Macroeconomic shifts and trends, combined with changes in demographics and political leadership, combine to create a very active period of You Can Get There From Here

policy setting and revision. Many changes – including education bills, healthcare and social service reform and regulatory and legislative revisions – could have significant implications for colleges and universities as both employers and educational institutions.

- **Increased competition and resulting changes in institutional “business” models.** Community colleges, junior colleges and four-year institutions have coexisted for decades, but the distinctions among them have become increasingly blurred as student demographics, technology and demand have changed. In addition, the rise of for-profit institutions and on-line education has created new educational providers and delivery models to challenge the traditional face-to-face approach. Finally, although applications and enrollments often increase during recessions, students during economic downturns have greater financial needs and are more concerned about the return on their educational investment. Given all these factors, students are willing to shop for courses, programs and institutions that best fit their expectations, lifestyles and wallets. Colleges and universities need to be very strategic and continually adapt to remain competitive.
- **Strengthening relationships with local communities.** The notion of “thinking globally and acting locally” seems to be gaining a stronger foothold in academia. Colleges and universities have always been significant employers in their communities. Now there is growing focus on strengthening ties with the local business community, public school systems, philanthropists and government officials. As these ties grow, there are often strings attached, which increases the potential influence that “outsiders” have on how institutions are governed and led.
- **Increasing diversity of the employee population.** Faculty and staff have become more diverse over the past couple of decades, and diversity is increasing in both breadth and depth. In addition to more women, more people of color and more people who were not born in the U.S., generational and lifestyle diversity are becoming more pronounced. Generational diversity creates some of the greatest challenges, particularly when the needs and expectations of the members of the oldest generation are contrasted with the needs and expectations of the members of the youngest generation. They seem to be at opposite ends of the spectrum on just about every issue, and those differences tend to dominate both talk and action.

In addition to directly affecting the evolution of the employer/employee contract, advances in information technology, digital communication and social media also indirectly affect the contract by changing the means and speed with which employees receive information about what is happening, both on their own campuses and on others. As a result, employees' perceptions and engagement are influenced not just by what their own administrators are doing and what their direct peers are saying, but also by the actions, thoughts and feelings of individuals affiliated with other schools. When a restructuring or budget-cutting initiative is announced at one institution, news spreads almost instantly to other institutions, often accompanied by editorial comments. Employees end up with not just the facts, but also with the emotional reactions others have to those facts. As information technology exposes people

You Can Get There From Here

more fully to what is happening regionally, nationally and internationally, it changes the nature of the employer/employee contract from one that had traditional institutional boundaries to one that has significant higher-education-wide components.

### **Looking in the Rearview Mirror: Where Have We Been?**

As U.S.-based educational institutions have evolved, changes have been necessitated in the employer-employee contract. During much of the 20<sup>th</sup> century, higher education experienced significant periods of growth and stability. As a result, certain features of the employment contract came to be considered near-permanent parts of the bargain struck between faculty/staff and administration. Many of these features were thought to be strengths of academic institutions vis-à-vis commercial enterprises and were touted as differentiating points of pride that became integral parts of the cultural values of many schools. Some of these features, which were discussed in the earlier edition of this book, include:

- A strong sense of community within the institution, reflected in shared governance and egalitarian ideals, as well as close interpersonal relations and a sense of being family.
- A paternalistic approach to compensation and benefits, considered to be entitlements necessary to offset the relatively lower compensation offered in academia. This was accompanied by a “high-touch” approach to human relations, with an emphasis on customized service to meet individual needs.
- Security and stability, with an unwritten promise that a person could have lifelong employment if he/she wanted it and met basic performance standards.
- A relatively relaxed and enjoyable work environment with a schedule that generally followed the ebbs and flows of the academic calendar.
- A focus on the past, in terms of highlighting the institution’s achievements, history and traditions, an emphasis on institutional memory/legacy thinking and maintenance of the status quo with respect to operating procedures.
- Strong connections between individual and school identities, with everyone sharing a sense of pride in the institution’s accomplishments (both academic and athletic).

In the early 1990s, many of the traditional elements in the employer/employee contract were revised and/or replaced in response to the fiscal challenges institutions faced as a result of that era’s economic downturn. Some of these elements were viewed as being dysfunctional in that they limited institutional efficiency and effectiveness and did not reflect a necessary focus on financial management. There was a call for academic enterprises to function more like business enterprises, with increased performance expectations and individual accountability, less paternalism and relationship-oriented management and a greater emphasis on fiscal management, process design, performance measurement and quality improvement. Diversity was emphasized over homogeneity and there was a movement to promote egalitarianism, not

You Can Get There From Here

just in words, but also in action (in response to the perceived protection faculty received in comparison to staff).

In the previous version of this book, particular emphasis was placed on accountability and performance as elements of the “new” employment contract. The emphasis shifted away from the group to the individual and autonomy and self-management were emphasized over teamwork and consensus-building as well as the “benevolent dictatorship” form of leadership often provided by administration. The underlying theme was to promote professionalism in all university roles, with an emphasis on individual contributions, performance and career management rather than organizational membership and loyalty.

In conjunction with these changes in the employer/employee contract, many institutions moved toward decentralizing administrative and support functions to individual schools, departments and research centers. As noted in the previous edition of this book:

*Decentralization, which often is a product of the downsizing effort, brings with it enhanced autonomy, accountability, responsibility and pride in achievement.*

*With the transition to this new code of conduct, this new campus climate, this new employer-employee "contract," the nation's colleges and universities will have matured. They can downsize, prioritize, reorganize and maximize their efficiency for perpetuity.*

There were also, however, institutions that responded to their financial challenges by *increasing* centralization, thinking it would bring about enhanced efficiency through centralized control and smaller staffs. In other words, there was a tendency for management to make significant structural changes to adapt to their current circumstances by moving the centralization pendulum in the opposite direction.

### **Making a Pit Stop: Where Are We Now?**

As a necessary step in determining how to recalibrate the employer/employee contract to adapt to present realities, it is useful to reflect on how academic institutions have adapted to the changes that were initiated during the last economic downturn. What “new” elements have gained a foothold? What “old” elements have persisted? What challenges have remained? What new challenges have arisen? A few thoughts:

- During the latest downturn, there has been a renewed call for increases in performance expectations and accountability, but they have not been well received. If they were asked, faculty and staff today would bristle at the notion that they are not held sufficiently

You Can Get There From Here

accountable for their actions. Many believe they are already doing more with less and resent the implication that staff is bloated and inefficient. They take any commentary regarding organizational inefficiency personally, which hurts both engagement and morale. Given these responses, it appears that these elements are an integral part of the existing contract. That is not to say that academic institutions are models of efficiency – as for all organizations this is an ongoing challenge – but the *need* to strive for enhanced individual and collective performance is now permanently woven into the fabric of campus life.

- Paternalism and an emphasis on community and family are still prevalent on college campuses. Given the persistence of these values over time, it is probably unrealistic to expect academic institutions to convert completely to a business model – or certainly not as quickly as some people would expect.
- It is unlikely that anyone in an academic institution felt that a sense of security and stability had returned after the last significant downturn. Even during economic upturns, there were always financial challenges, which – combined with the ongoing emphasis on performance and accountability and the intermittent instability in other economic sectors – reminded everyone of the tenuousness of their positions. From an employment perspective, the notion of an ivory tower protected by an unassailable moat is long gone.
- Like paternalism, the tendency for individuals in academic institutions – particularly traditional four-year colleges and universities – to emphasize the past over the future has been a hard “habit” to break. In spite of new buildings, new strategic plans and initiatives, new administrative leaders and new colleges, degrees and programs, many faculty and staff have a tendency to lament the loss of the “good old days.” This is probably the result of a combination of factors, including people’s general resistance to change, the perceived loss of valuable benefits and perks over time and the relatively stable tenure of employees in academic institutions (versus business enterprises).
- An acknowledgement of diversity and the need to be responsive to the diverse needs of faculty and staff has become an integral part of the new employment contract. Nevertheless, as the definition of diversity has expanded and more people assert their rights, the ability for institutions to meet those needs has become increasingly complex and challenging. In particular, the cultural tension between “old” and “new” is probably greater now than it has ever been. There are still many people who want to keep higher education “old school,” and they can be loud and vocal resistors to change. The differences between them and newer faculty/staff are increasingly dramatic, and that makes it virtually impossible to come up with a “one-size-fits-all” approach. Leaders are reluctant to support widespread customization (with good reason), however, and seem very conflicted about which “side” to choose. Although accommodating diversity is a “given,” the ways in which that gets done are not.

Change is a decidedly non-linear process, and progress occurs in a recursive fashion. For a variety of reasons, some of the “new” employment contract elements have been easier to

You Can Get There From Here

implement than others, but no one should assume that the new elements that were proposed during the last contract revision are the best elements to emphasize going forward. While some certainly make sense for all organization types in all sectors, that does not mean they should be implemented wholesale. The positive cultural aspects of colleges and universities that are not as readily evident in the corporate world also need to be recognized and used to increase efficiency and effectiveness.

### **Moving Forward: Navigating the Road Ahead**

Although it is not the only contributing factor, the recent economic downturn provides both an incentive and an opportunity for academic institutions to reconsider the nature of their current employer/employee contracts and determine what they want them to look like in the years ahead. These contracts are likely to include the following characteristics:

- **There will be no single employment contract.** Historically, there probably never was. While it is easy enough to recognize that there were different relationships and agreements for faculty and staff, given the rapidly increasing diversity of the employee population in academia, the need to have a more nuanced approach to the employer/employee relationship has increased as well. The key for leadership will be to balance the competing and sometimes conflicting needs of the many stakeholders to devise rational and equitable policies, programs and procedures.
- **Ongoing uncertainty is a given.** Change has become the new constant and will likely remain so for the foreseeable future. The key to success will be remaining flexible and nimble enough to adapt while retaining a core set of values and principles to serve as a guiding light.
- **The balance between past and future will be more clear.** The focus at both the organizational and individual levels must be on the future rather than the past, but the past will not be completely disregarded. There will be a better recognition that the past provides a great foundation for "who we are and why" even when the emphasis is on "who we will be." Maintaining that balance will help reduce resistance to change, increase engagement and allow institutional members to work together more effectively to achieve their strategic and operational goals.
- **Colleges and universities will continue to operate more like businesses.** The emphasis on operating efficiency and effectiveness and fiscal management will continue. There may, however, be a greater recognition that how those goals are defined and implemented must reflect the ways in which colleges and universities are unique, non-commercial (for the most part) enterprises. In other words, rather than adopting sound business principles and practices in a wholesale and automatic fashion, leaders of academic institutions should thoughtfully consider how those they should be tailored to produce strategic outcomes in their unique academic and operating environments.
- **"Smart Centralization" will enhance both efficiency and effectiveness.** Leaders need to be very savvy about how to devise and maintain organizational structures that offer an

You Can Get There From Here

efficient and effective balance between centralization and decentralization. For some institutions, many of the activities and functions that have been decentralized have created new challenges in terms of inefficiency, ineffectiveness, administrative growth and functional and personnel redundancies. As these institutions recognize that these activities and functions may be better handled centrally, there will be a move to consolidate them. Similarly, institutions that are heavily centralized may have administrative staffs that have become too large and inflexible, with individual positions defined in very narrow terms. They will be better served by having these functions run by a small cadre of administrators and staff who are more competitively paid and have greater flexibility about how they apply their growing competencies and develop their careers. For these staff, the notion of a job description will probably give way to the concept of assignments based on competencies required by changing tasks that support initiatives. This will make the statement “it is not in my job description” irrelevant. Institutions may also find that it is in their best interests to allow certain functions to be handled by outsiders, and there will be a move to outsource these functions. The key with all of these changes is to determine what makes the most sense for the organization to achieve not only its financial goals, but also its strategic goals.

- **Individual accountability and performance values will be tempered by collaboration and community.** The business values of accountability and performance will continue to be an indelible part of academic operations. As with other operating principles, however, they should not be implemented thoughtlessly. One of the great historical strengths of academic institutions is the value they place on community and shared governance. Collaboration will find new ways of manifesting itself due to the dialogue and interaction promoted by social media and other new communication channels/technologies. Leadership will need to increase transparency and will involve faculty and staff more in decision making, but not through the traditional cumbersome committee model. As evidenced by some of the examples in the preceding chapter on communications (e.g., Cornell), the traditional “benevolent dictatorships” will be replaced by participative democracies.
- **There is no “guarantee” of a job for life, for either faculty or staff.** Staff have had to deal with job uncertainty for years, but faculty are becoming increasingly vulnerable as well. There will be an even stronger shift toward performance for all employees, perhaps even for tenured faculty. The days when any member of an academic institution could rest on his/her laurels and get by doing the bare minimum are likely to be numbered.
- **Paternalism will continue, but in a modified form.** Academic employers may still emphasize benefits and total compensation to a greater degree than their corporate counterparts, but the institution’s role may be more of a facilitator than a provider. Using the employee base as a point of leverage, they will continue to negotiate discounts for faculty and staff for various benefits such as day care, gym memberships, insurance and banking services rather than trying to provide these perks directly. They may also offer more educational programs in both health and money matters so employees are better able to manage these aspects of their lives.
- **Diversity management may require “mass customization.”** Given the impact that economic downturns have on individual retirement plans, employers are likely to see at least four generations in the workforce for many years to come. Layered on top of generational

You Can Get There From Here

differences are differences in races, ethnicities, gender, countries of origin, disability and sexual orientation. As quasi-municipalities, colleges and universities have a wide range of professions and jobs represented in their employee populations. Neither “one size fits all” nor “anything goes” is a viable approach to meeting the needs of such a diverse population. As with other aspects of the employer/employee contract, a balanced approach is necessary. There should be a core set of policies and benefits that reflect the institution’s values and its legal/regulatory requirements that are applied to all employees. Where feasible, variations and alternatives should be developed to accommodate individual needs and reasonable expectations. With respect to benefits, institutions can develop modern-day versions of cafeteria plans or flexible benefits to reflect diverse needs. The key is to offer a manageable level of variety and to ensure that the entire set of offerings treats the general population as fairly as possible.

Although there are certain givens likely to characterize most employer/employee contracts in academia, each institution will need to undertake an effort to develop its own unique version. Ideally, academic administration, faculty and staff would work together to identify what each would like from the other and what each is willing/able to provide in fair exchange. A thorough approach to this would include the following steps:

1. Review archival material and conduct interviews with Human Resources staff to get a preliminary sense of the history and current state of the employer/employee contract.
2. Conduct discussions between respected members of faculty, staff and administration to calibrate and more fully flesh out needs and expectations necessary to a renewed employer/employee understanding or contract that delivers on campus mission and quality outcomes.
3. Survey a broader sample of faculty and staff to get their feedback on both current and future mutual expectations and statements of cultural values.
4. Identify implications for new policies and programs based on mutual and organizational success.

Throughout each stage of the process, participants in the discussion with leadership would keep employees apprised of progress and use social media technology (particularly those applications that support two-way communication) as a way of promoting additional dialogue and allowing people to have their voices heard through multiple channels. Though they may give up some control, leaders could let the conversation play out among employees as well as between employees and leadership. The more honest and transparent the process is, the more likely employees are to engage, and the more likely they are to support the eventual outcome, even if it does not perfectly match their personal preferences.

### **Hitting the Road**

You Can Get There From Here

The process of defining the new employment contract can itself serve as a metaphor for the revised contract and the kinds of outcomes it can produce. The new employer/employee contract is as much about the journey as it is the destination – maybe even more. Like any good road trip, institutions need a general idea of where they want to go, how they want to get there and when they want to arrive, but they also need to remain flexible. There will be bad weather; unexpected twists, turns, and bumps; traffic backups (some with no apparent cause); and maybe even a fender-bender or two. There will, however, also be unplanned opportunities and detours that will enrich the experience and could even produce better outcomes than the charted course. Responding smartly and strategically to the inevitable surprises on any journey can ensure that institutions end up at a better destination than they might have on “the road not taken.”

The Council on Postsecondary Education is charged with leading the reform efforts envisioned by state policy leaders in the Kentucky Postsecondary Education Improvement Act of 1997. The Council has multiple responsibilities to ensure a well-coordinated and efficient postsecondary and adult education system. Among its many responsibilities, the Council:

- Develops and implements a strategic agenda for the postsecondary and adult education system that includes measures of educational attainment, effectiveness, and efficiency.
- Produces and submits a biennial budget request for adequate public funding of postsecondary education.
- Monitors and approves tuition rates and admission criteria at public postsecondary institutions.
- Defines and approves all academic programs at public institutions.
- Ensures the coordination and connectivity of technology among public institutions.
- Collects and distributes comprehensive data about postsecondary education performance.
- Licenses all nonpublic, degree granting colleges that operate in the state.
- Administers the state's Adult Basic Education program and GED Testing Service.

The Council on Postsecondary Education is Kentucky's statewide postsecondary and adult education coordinating agency charged with leading the reform efforts envisioned by state policy leaders in the *Kentucky Postsecondary Education Improvement Act of 1997*. The Council does not discriminate on the basis of race, color, national origin, sex, religion, age, or disability in employment or the provision of services, and provides, upon request, reasonable accommodation, including auxiliary aids and services necessary to afford individuals with disabilities an equal opportunity to participate in all programs and activities.

Kentucky Council on Postsecondary Education  
1024 Capital Center Drive, Suite 320  
Frankfort KY 40601  
Ph: (502) 573-1555  
Fax: (502) 573-1535  
<http://cpe.ky.gov>

Printed with state funds

# THE SIX GOALS OF HB 1

**1** A seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life.

**2** A major comprehensive research institution ranked nationally in the top 20 public universities at the University of Kentucky.

**3** A premier, nationally recognized metropolitan research university at the University of Louisville.

**4** Regional universities, with at least one nationally recognized program of distinction or one nationally recognized applied research program, working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

**5** A comprehensive community and technical college system with a mission that assures, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two-year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.

**6** An efficient, responsive, and coordinated system of providers that delivers educational services to all adult citizens in quantities and of a quality that is comparable to the national average or above and significantly elevates the level of education of the adults of the Commonwealth.

